

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 190145
ORIGIN EA-09

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07
SP-02 SS-15 STR-04 TRSE-00 ACDA-07 FRB-03 XMB-02
OPIC-03 LAB-04 SIL-01 (ISO) R

DRAFTED BY EA/TIMBS:LLROCKE:EVC
APPROVED BY EA:EHEGINBOTHAM
EA/TIMBS:REFRITTS
-----119621 121218Z /72
R 111847Z YUG 77
FM SECSTATE WASHDC
TO AMEMBASSY BANGKOK

LIMITED OFFICIAL USE STATE 190145

E.O. 11652: N/A

TAGS: TH, ECIN, ECON

SUBJECT: THAI AMBASSADOR DISCUSSES ECONOMIC ISSUES AND
ASEAN

1. SUMMARY: ON INSTRUCTIONS, AMBASSADOR ARUN PHANUPONG
CALLED ON EA DEPUTY ASSISTANT SECRETARY HEGINBOTHAM
AUGUST 9 TO DISCUSS: 1) US INTEREST IN DEVELOPING THAI
ENERGY RESOURCES, 2) INVESTMENT PROMOTION IN THAILAND AND
3)US-ASEAN DIALOGUE. HEGINBOTHAM NOTED IMPORTANCE OF EARLY
AND EQUITABLE RESOLUTION OF SIAM KRAFT PAPER COMPANY CASE
BECAUSE OF ITS EFFECT ON INVESTMENT CLIMATE. ARUN
REVEALED HE IS RECEIVING LITTLE INFORMATION ON THAI
POLICY TOWARDS ASEAN. END SUMMARY.

2. AMBASSADOR ARUN INDICATED PRIME MINISTER THANIN HAD
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 190145

INSTRUCTED MINISTRY OF FOREIGN AFFAIRS TO INFORM USG THAT
THAILAND IS INTERESTED IN US PARTICIPATION IN ITS DEVELOP-
MENT OF ENERGY, NOTING IN PARTICULAR MANY US COMPANIES
HAVE ALREADY SUBMITTED APPLICATIONS TO PARTICIPATE AND
AMEMBASSY BANGKOK HAS OFFERED USG ASSISTANCE TO SURVEY
NATURAL GAS PIPELINE. IN RESPONSE HIS QUERY, ARUN WAS

TOLD USG WOULD ALSO BE INTERESTED IN ONSHORE ENERGY DEVELOPMENT.

3. ARUN DECLARED RTG IS TRYING TO SPEED UP APPROVAL OF INVESTMENT PROJECTS AND NOTED PRIME MINISTER THANIN'S PERSONAL PARTICIPATION IN THE BOARD OF INVESTMENT. ARUN DID NOT, HOWEVER, REFER TO ANY SPECIFIC INVESTMENT PROJECT OR PROBLEM.

4. ARUN SAID EACH ASEAN CAPITAL WAS NOW PREPARING ITS POSITION FOR US/ASEAN CONSULTATION. A JOINT ASEAN MEETING IS PLANNED TO PREPARE A COMMON POSITION IN EARLY SEPTEMBER. MUCH DEPENDS ON OUTCOME OF ASEAN TALKS WITH AUSTRALIA, JAPAN AND NEW ZEALAND. ASEAN AMBASSADORS IN WASHINGTON PLAN TO HOLD JOINT TALKS BUT HAVE NOT YET DECIDED WHETHER A JOINT US/ASEAN COMMISSION SHOULD BE ESTABLISHED IN WASHINGTON -- OR IN MANILA OR JAKARTA. AMBASSADOR ARUN DENIED HE HAD HEARD RUMOR ABOUT POSTPONEMENT OF US/ASEAN CONSULTATION STILL SCHEDULED FOR SEPTEMBER.

5. REFERRING TO THE NEED FOR AN ATTRACTIVE INVESTMENT CLIMATE, HEGINBOTHAM NOTED THAT BOARDS OF DIRECTORS ARE ALWAYS RELUCTANT TO APPROVE FOREIGN INVESTMENT PROJECTS IF CLIMATE IS POOR. INVESTORS ALWAYS WATCH FOR A SERIES OF EVENTS. HE NOTED THAT THAI ZINC CONTRACT HAS FINALLY BEEN SIGNED BUT THE LATEST DEVELOPMENTS IN SIAM KRAFT PAPER COMPANY (SKPC) FINE CASE ARE DISTURBING.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 190145

HEGINBOTHAM RECALLED HOW EXIM BANK AND OPIC AGONIZED OVER REFINANCING SKPC FOR THE SECOND TIME LAST YEAR. IT WAS A PAINFUL AND TIME-CONSUMING JOB TO PREVENT THEN THE COLLAPSE OF AN ENTERPRISE AND THE LOSS OF JOBS. HEGINBOTHAM HOPED THE SKPC REPAYMENT PERIOD WOULD BE DETERMINED QUICKLY AND FAIRLY BECAUSE OTHER POTENTIAL INVESTORS WERE WATCHING. AMBASSADOR ARUN SAID AMBASSADOR WHITEHOUSE HAD TOLD HIM EXACTLY THE SAME THING SEVERAL DAYS BEFORE. ARUN UNDERSTOOD FROM BANGKOK NEWSPAPERS (AUG 5) THAT A SOLUTION HAD BEEN FOUND TO LENGTHEN THE REPAYMENT PERIOD. RTG IS AWAITING THE RETURN OF PM THANIN. ARUN CLAIMED HE WAS WELL AWARE OF IMPORTANCE OF SKPC CASE FOR THAI INVESTMENT CLIMATE. ARUN INDICATED HE BELIEVED SOMEONE IN BANGKOK MAY HAVE GOTTEN TOO LEGALISTIC.

6. AMBASSADOR ARUN REVEALED HE WAS RELATIVELY UNINFORMED ABOUT ASEAN POLICY. A NEW DIVISION HAS BEEN CREATED IN MINISTRY OF FOREIGN AFFAIRS FOR ASEAN MATTERS BUT IT IS RELUCTANT TO KEEP THAI EMBASSY IN WASHINGTON POSTED ON DEVELOPMENTS. HEGINBOTHAM EXPLAINED US WAS WILLING TO TALK OF DEVELOPMENT COOPERATION IN A"EAN CONSULTATION AND

HAD EVEN SPECIFIED THE AREAS OF IMMEDIATE INTEREST.

SG WOULD BE WILLING TO CONSIDER TECHNICAL ASSISTANCE
SUPPORT USING UNIQUELY SUCCESSFUL PROGRAMS IN INDIVIDUAL
ASEAN COUNTRIES AS TRAINING GROUNDS TO STRENGTHEN SIMILAR
PROGRAMS IN OTHER COUNTRIES. EXAMPLES MIGHT BE HEALTH
CARE DELIVERY SYSTEMS IN THAILAND AND POPULATION PROGRAMS
IN INDONESIA. HOWEVER, USG IS NOT PREPARED TO DISCUSS
ASSISTANCE TO INDUSTRIAL PROJECTS WHICH IS MAINLY AN AREA
OF DIRECT INTEREST FOR EXIM BANK FINANCING AND PRIVATE
INVESTMENT. AMBASSADOR ARUN PERSONALLY THOUGHT PROGRAMS
FOR SMALL SCALE INDUSTRY IN RURAL AREAS WOULD BE VERY USE-
FUL TO MITIGATE THAILAND'S ECONOMIC AND SOCIAL PROBLEMS.
HE POINTED TO ESTABLISHMENT OF NEW INDUSTRIAL PARK FOR
MEDIUM SCALE INDUSTRY 30 MILES NORTH OF BANGKOK.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 190145

7. COMMENT: REAL PURPOSE OF AMBASSADOR'S CALL NOT CLEAR
BUT IT DID AFFORD OPPORTUNITY TO NOTE USG CONCERN ABOUT
SKPC CASE AND IT DID EXPLAIN THAI EMBASSY'S RELUCTANCE
TO DISCUSS ASEAN MATTERS IN DETAIL. CHRISTOPHER

LIMITED OFFICIAL USE

NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AMBASSADORS, ENERGY, FOREIGN INVESTMENT
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE190145
Document Source: CORE
Document Unique ID: 00
Drafter: LLROCKE:EVC
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Expiration:
Film Number: D770290-1344
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197708114/aaaafysc.tel
Line Count: 146
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Message ID: cd80b350-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1443120
Secure: OPEN
Status: <DBA CORRECTED> gwr 970911
Subject: THAI AMBASSADOR DISCUSSES ECONOMIC ISSUES AND ASEAN
TAGS: ECIN, ECON, EINV, ENRG, TH, ASEAN, (ARUN PHANUPONG)
To: BANGKOK
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/cd80b350-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009